

# HECM

## Questions with Government Responses

**Question:**

When is HUD going to release the Mortgagee Letter regarding HECM Purchase?

**Answer:**

Mortgagee Letter 2009-11 was published on March 27, 2009 and is available for viewing at <http://www.hud.gov/offices/adm/hudclips/index.cfm>

**Question:**

After a loan is assigned to HUD, would you consider leaving the loan servicing with the servicer who serviced the loan prior to assignment?

**Answer:**

No. HUD retains the services of a Loan Servicing Contractor who will continue to service the HECM loans.

**Question:**

How many Basis Points does it currently cost a servicer to service a HECM?

**Answer:**

This question has no bearing on the SP Procurement.

**Question:**

Do you use MERS for assignments?

**Answer:**

Yes.

**Question:**

Is this procurement an 8a set-aside?

**Answer:**

No.

**Question:**

Is there a Small Business requirement?

**Answer:**

Yes. There is a Small Business requirement for which a sub-contracting plan will have to be maintained throughout the life of the contract. The specific requirement will be contained in Section L of the RFP.

**Question:**

Is there going to be a Project Management Office (PMO) for this effort? Is there going to be a separate procurement action to support the PMO?

**Answer:**

The Service Provider is required to support Project Management functions in conjunction with the HUD staff managing the project. There will be no separate PMO contract to support the function at this time.

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**Question:**

What type of contract will this be (T&M, Firm Fixed Price, Cost Plus)?

**Answer:**

Firm Fixed Price with priced and un-priced options.

**Question:**

Has the program been funded?

**Answer:**

Yes.

**Question:**

You stated that you are still defining requirements and that you expect the SP to work with industry to further refine their desires. Based on these facts, do you anticipate Firm Fixed Price being a reasonable contract type?

**Answer:**

Yes.

**Question:**

This requirement appears to be an IT project. Why is HUD attempting to acquire as a “service”?

**Answer:**

HUD is acquiring a Business Service Provider that will host the solution at its own site. Only if and when HUD decides to host the solution on HUD’s infrastructure does the requirement become an IT project.

**Question:**

How does this project tie to other HUD IT modernization programs?

**Answer:**

The project is being reported on to Housing’s FHA Business Modernization Working Group and the solution will be tracked as part of that process for possible future consideration.

**Question:**

Are the slides available on the internet? Some of the slides are not very legible.

**Answer:**

The PowerPoint slides, handouts, and Interested Parties List have been posted with the Q&As.

**Question:**

Will there be a list of attendees distributed?

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## Questions with Government Responses

**Answer:**

Yes. See above.

**Question:**

How many proposals did you receive when this procurement was conducted last year?

**Answer:**

This question will not be answered as it is not relevant to the ongoing procurement.

**Question:**

Why was the procurement cancelled last year?

**Answer:**

This question will not be answered as it is not relevant to the ongoing procurement.

**Question:**

Were the proposals received last year evaluated? If so, were there any major deficiencies in technical solution, schedule and/or price that caused the cancellation?

**Answer:**

This question will not be answered as it is not relevant to the ongoing procurement.

**Question:**

Will the SP be provided periodic Institution Master File (IMF) downloads in order to verify lender, sponsor, servicer, etc.?

**Answer:**

Some mechanism for verifying this information will be arranged.

**Question:**

What, if any, Conflict of Interest (COI) considerations are known at this time, and when will such a declaration be made?

**Answer:**

Organizational conflict of interest determinations are made on a case by case basis at the time of proposal evaluation.

**Question:**

Who is supporting the current requirements gathering?

**Answer:**

HUD staff from each of the program areas covered by the Statement of Work in conjunction with current HECM servicers.

**Question:**

# HECM

## Questions with Government Responses

Will Service Provider be required to review all claim supporting documentation prior to claim payment?

**Answer:**

The SP's solution for claim review and processing will include automated edits, control points and parameters to support automated processing. For claims that fail edits, control points or parameters, the SF Claims Branch will evaluate supplemental documents and other information provided by the mortgagee, determine whether the claim can be authorized for payment or not, and take action accordingly.

**Question:**

In your claims processing, what is the media of the claims (e.g. electronic, fax, paper)? What are the proportions of the different media (x% electronic, y% fax, z% paper)?

**Answer:**

100% paper.

**Question:**

What do you mean by timely support for Financial Statement Audits? Please provide examples.

**Answer:**

Whether it's preparing the database for monthly reporting, the audit for annual liability estimates, or budget estimates for the President's budget, the Office of Evaluation (OE) needs the output of the HECM loan database shortly after the source systems are refreshed. OE consistently receives requests from sources internal and external to HUD for analysis of the most current HECM data to be completed on short timelines. In the specific example of liability estimates for the audited financial statements, we use HECM data updated through June 30 of each year. The audited liability estimates are usually due in early September, but the database is only the first of many steps in generating the end product. Once we obtain the database output, it has to be run through our actuarial models which also serve as an input into our cash flow model. The September audit deadline also requires a lengthy analysis of HECM performance, sensitivity analysis to key variables, and extensive documentation. All this is contingent on having the clean, consistent data as the first step in the process.

**Question:**

Are you looking to re-platform the system to account for new technologies and scalability required for growth or are you looking to leverage and enhance existing systems?

**Answer:**

We are looking to re-platform the process to account for new technologies and scalability required for growth.

**Question:**

What is the current cost of systems and operations?

**Answer:**

There is no end-to-end solution for the HECM process so this information is not available.

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## Questions with Government Responses

**Question:**

What kind of pricing structure do you prefer within your funding constraints? What kind of pricing structure do you have for the SMART system?

**Answer:**

Pricing instructions will be released with the RFP. HUD will not release the pricing structure for the SMART system.

**Question:**

Will there be a down-selection to a field of technically proficient bidders?

**Answer:**

Information on the planned selection process will be furnished in the RFP.

**Question:**

Will the HECM SP be considered by HUD as an IT investment reportable to OMB in the Exhibit 300?

**Answer:**

No.

**Question:**

Is off-shore servicing (outside U.S.) an option?

**Answer:**

No.

**Question:**

Is there a current budget/cost estimate on an annual or loan basis?

**Answer:**

No.

**Question:**

Is there any intent that the solution at this time or a later date will be brought into HUD's IT architecture?

**Answer:**

Not at this time. If that decision is made at a later date, it will be separately negotiated.

**Question:**

Should the SP solution be a FSIO certified system?

**Answer:**

No, but we will require outputs that are in compliance with FSIO.

**Question:**

Do you expect to collect loan info directly from private lenders or only thru FHA Connection?

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**Answer:**

Both options will need to be made available.

**Question:**

Given the need for a define process is the delivery of the user acceptance testing in 6 months really reasonable?

**Answer:**

Yes. The define process is only to document specific Business Rules for configuration of the solution. The 6 month delivery is only for one portion of the solution with rolling configuration/delivery/evaluation of the remaining “modules” over the following 3 to 4 months. The remaining time will be spent correcting issues and executing conversion and implementation activities.

**Question:**

Will the SP convert (migrate) all the data from existing systems operating the HECM? What is data conversion timeline?

**Answer:**

Yes. There are only two “systems” that are currently processing the HECM program. The IACS system’s data is overlaid from the servicers’ systems each month. Historical data for this portion of the process is contained in the Single Family Data Warehouse. The other automated portion of the process is contained in the A80H/SMART system. These are the data that will most likely be involved in any data conversion activities that will occur prior to full production implementation. The data conversion timeline is reflected in the Deliverables in Section 8.

**Question:**

The inclusion of “Investor (Note Holder)” as lender data to preserve/update (see slide 26) seems to be above and beyond what is captured by forward mortgage systems in FHA. Could you expand on the reason(s) behind this, and does this portend integration with Ginnie Mae systems?

**Answer:**

HECM now has several investors as opposed to just Fannie Mae. HUD requires the ability to easily identify the investor on all HECM loans. We are not aware of any intention to integrate with Ginnie Mae systems.

**Question:**

How will HUD require vendor to handle regulatory changes during the project? Schedule, Cost, etc.?

**Answer:**

This information will be fully covered in the SOW.

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## Questions with Government Responses

**Question:**

Will current incumbent allow to participate in the bid?

**Answer:**

There is no current incumbent.

**Question:**

Government looking for COTS product?

**Answer:**

The Government is looking for the best solution to meet its requirement.

**Question:**

Will SP be required to actually “service” any loans?

**Answer:**

No.

**Question:**

How will SP impact Tulsa National Service Center?

**Answer:**

There will be no discernable impact to the Tulsa NSC.

**Question:**

Are there any pricing models HUD/FHA will not entertain?

**Answer:**

Not that we know of.

**Question:**

How favorable will pre-existing service bureau solutions be viewed against new build-out?

**Answer:**

The Government will look favorably on any solution that meets its requirements for functionality, cost and implementation time.

**Question:**

What is/will HUD doing regarding the leverage of other Gov’t and shared data assets to increase reference data validation automation (ex. IRS, PRIA, ST/County Recorders, etc.)?

**Answer:**

FHA does plan to validate information submitted with other databases therefore the SP’s solution should provide these capabilities.

**Question:**

What events trigger a property value adjustment other than origination and/or default/sale events (i.e. are there regularly scheduled re-valuations)?

**Answer:**

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There is currently no re-valuation requirement during the life of the loan other than at origination, default, sale or refinance. However, HUD reserves the right to cause re-valuation to be made at other times.

**Question:**

Will this application ever handle securizations? By HUD? By GNMA?

**Answer:**

There is no plan to do so at this time.

**Question:**

How will this solution integrate into other servicing applications and databases?

**Answer:**

It won't.

**Question:**

Given state of economy & President's need for transparency, HECM solution is very critical. Will HUD allow 2 – 4 hours of 1 – 1 due diligence prior to RFP release?

**Answer:**

No.

**Question:**

What are the interfacing systems?

**Answer:**

That information is located in various places throughout the SOW.

**Question:**

Page 15: Ability to generate "Payment Schedules" and calculation of Invoices Amts? Please clarify?

**Answer:**

In the HECM Notes portion of the SP, monthly payments are made to the homeowners. The SP must be able to generate payment schedules to make sure these scheduled payments are disbursed when they are due. For the Premiums portion, the SP must be able to calculate invoices to determine the amount of the premiums due to HUD.

**Question:**

Data integration effort across multiple systems in and out of HECM will require several efforts & approaches. What will the SP be responsible for?

**Answer:**

HUD does not agree that several efforts and approaches will be necessary. The SP will be required to work with the HUD team to define the data that will be migrated from the IACS, SFDW and SMART systems to the SP's solution.

**Question:**



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## Questions with Government Responses

How is IDB1 to be positioned within the proposed solution space?

**Answer:**

The IDB1 is used in the reporting and statistical analyses that are done on the HECM program and its positioning will not change. The SP will be required to access the IDB1 in its reporting solution or provide its own similar data mart for the reporting response.

**Question:**

Will any HECM data reside within the HUD environment?

**Answer:**

Yes, there is a requirement to interface with the SF Data Warehouse in addition to the requirement for a slave database.

**Question:**

How can we get the list of all the processes that are currently being done manually?

**Answer:**

They are located in the SOW.

**Question:**

After award, when does the HECM BSP need to be fully operational with all expected HECM services?

**Answer:**

The current plan is to implement by October 1<sup>st</sup> of the following year.

**Question:**

Are Business Rules ?????? and implementation to be dynamic or static? Should they be DB maintained? Should Business Rules be time maintained?

**Answer:**

Business Rules and Processes may be dynamic or static depending on type. They will need to be documented and maintained including a history of changes and the reason for the change. There should be no time limit to how long the rules and processes should be maintained and the ability to generate documentation of them on request is required. The SP will also need to provide for access to the rules and processes in their solution.

**Question:**

Can a data discrepancy be overridden to permit a business process to proceed? What background alerts/notices are required for BP validation/override?

**Answer:**

Yes, some discrepancies should be able to be overridden, but it will depend on the data in question, as will the alerts/notices required.

**Question:**

Please explain the distinction between what you referred to as a “full” C&A versus what will be required for the Service Provider?

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## Questions with Government Responses

**Answer:**

For external BSPs that are accessed by HUD employees to perform HUD business, HUD's Office of ADP Security has in the past only required a limited percentage of the normal SDM-required Security documentation. However, the Federal SAS-70 requirement will include those documents and more, so as long as the SAS-70 requirement is met, the ADP Security requirements should also be met. This is possible because the solution does not reside within HUD's infrastructure.

**Question:**

Draft SOW indicated taking the HECM program to CMMI 3 within 12 months. Will you require bidders to be CMMI 3 at proposal submission?

**Answer:**

The company will be required to have SEI Capability Maturity Model Integration (CMMI) Level II certification for Services (CMMI-SVC) or Development (CMMI-DEV) at proposal submission with preference points given during the evaluation if the company has CMMI Level III certification in either model. Additional points will be given if the company has the Level III certification in more than one model. The *project* is to be CMMI Level III assessed in the Services model by the end of the first year of full operations, which translates to 24 months, not 12.

**Question:**

What platform does your current Single Family Data Warehouse run on?

**Answer:**

Solaris 10 - Sybase IQ database.

**Question:**

Does the scope of this system include not only decision support software and decision support data on loan recipients but also decision support data on businesses (lenders, etc.) tied to HECM loans?

**Answer:**

Yes.

**Question:**

Are you interested in a system that is completely web-based or can portions of the system be web-enabled?

**Answer:**

The Government is interested in a solution that meets its requirements, but it is up to the vendor to determine how the solution should be configured.

**Question:**

Will there be Closing Cost limits?

**Answer:**

Yes, see Mortgagee Letter 08-34.

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## Questions with Government Responses

**Question:**

What is your preferred method for tracing the SOW requirements to the proposal (matrix, references, reference in headings, or not necessary)?

**Answer:**

HUD does not have a preferred method, but does require that the requirements be traced.

**Question:**

Do you plan to scan and store documents in the system?

**Answer:**

The SOW does state that this is a requirement.

**Question:**

What role does the HECM SP in monitoring the servicer compliance with the program (e.g. property maintenance, occupancy)?

**Answer:**

The SP's solution will require appropriate fields and the ability to generate reports to capture the data necessary to monitor compliance.

**Question:**

Will HUD provide bidders with access to the HECM auditor's report referenced in the presentation?

**Answer:**

The FY2008 report is at the following URL (see recommendations 1(c) and 1(f)):

<http://www.hud.gov/offices/oig/reports/files/ig09f0002.pdf>

The FY2007 report is at this URL (See recommendations 1(b) and 1(e)):

<http://www.hud.gov/offices/oig/reports/files/ig08F0002.pdf>

**Question:**

Please clarify schedule (slide 10). How can Pilot begin immediately upon end of Define Phase? Signed and approved requirements will be necessary before system modifications and enhancements can be done.

**Answer:**

That slide should have been modified to say "Configure" instead of "Evaluate", and the time for the configuration should have been stretched over a six-month period.

**Question:**

From a licensing perspective, does HUD want to own all software licenses? If not, would HUD want the option to transfer licenses at a later date, if necessary?

**Answer:**

Data Rights clause(s) will be included in the RFP. However, HUD may want the option to transfer licenses at a later date.

# HECM

## Questions with Government Responses

**Question:**

The desire to include the requirements of the services (business partners) is fine but will that create multiple and potentially conflicting requirements?

**Answer:**

HUD will retain the final authority for these decisions to ensure this will not be a problem.

**Question:**

The contract uses “SP” and “Contractor” – Please define what role the Tulsa staff will play under this contract.

**Answer:**

The Tulsa contract staff that uses the SMART system to service the Assigned Notes will continue to use SMART for non-HECM Notes, and will use the SP application for HECM Notes functions. Tulsa contract staff are solely users of the SP application.

**Question:**

In the original RFI the need to comply with “FHA Modernization Plan” - in the current SOW this requirement has been removed or is not prominate (spelling) – why?

**Answer:**

There is no current FHA Modernization Plan at this time. When the RFI was released, it was assumed there would be.

**Question:**

The SOW does not indicate provisions after deployment (360 days after contract award). Will option years for continued operations and maintenance be included as part of this solicitation? How many and for what duration?

**Answer:**

Yes. Four one-year options. This information is reflected in the second portion of the Deliverables section.

**Question:**

Section 3.0, page 7: Please clarify what is meant by “HUD Direct Connect Users”.

**Answer:**

Direct Connect Users are business partners who use The FHA Connection Business to Government (FHAC B2G) function. This is a way for a Loan Origination System to send information to the FHA Connection in an automated fashion.

**Question:**

No mention is made regarding a need for REO management and disposition, can you please clarify?

**Answer:**

# HECM

## Questions with Government Responses

The servicer is responsible for REO management and disposition on Insured HECMs. HUD's M&M will retain that responsibility for Assigned HECMs and those properties will remain in SAMS until such time as SAMS is replaced.

**Question:**

What are the anticipated criteria for evaluating the various proposals/solutions?

**Answer:**

Evaluation Criteria will be published with the official Request for Proposal.

**Question:**

Does HUD anticipate a two stage procurement process with a Phase I down-select followed by some manner of comparing the finalists?

**Answer:**

Information on the planned selection process will be furnished in the RFP.

**Question:**

Does HUD plan to require an Operational Capabilities Demonstration (OCD) of all successful bids? If so, can HUD include instructions and scenarios in the RFP release?

**Answer:**

Information on the planned selection process will be furnished in the RFP

**Question:**

How will bidders that propose streamlined automation that impacts mortgagee's business processes and systems be evaluated against those that propose to retain current procedures?

**Answer:**

Evaluation Criteria will be published with the official Request for Proposal.

**Question:**

Underwrite Loans – Is this the process as it operates today? It is our understanding that the data is first entered into the IACS which then interfaces with CHUMS and CHUMS assigns a Case # and when the loan is closed the data is entered into the IACS. The IACS then calculates the MIP and collects it and then notifies CHUMS that the loan can be endorsed.

**Answer:**

The Underwriting process will not change. The process is as described in Section A of the SOW, but here is a brief description: Data is entered into the Computerized Homes Underwriting Management System (CHUMS) via the FHA Connection or via a B2G interface. CHUMS then assigns the case number and send the data to IACS (HECM) via a batch interface. The data sent includes MIP amount due. Loan set up is performed by the lender (or servicer) and the MIP is collected and data is sent back to CHUMS for further case processing.

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**Question:**

How is data received in Chums, is there an electronic interface with lenders, is there a manual file submitted?

**Answer:**

Data is entered into CHUMS via the FHA Connection or thru our Business to Government (B2G) interface.

**Question:**

Do some lenders have self-endorsement authority as they do on forward mortgages? If so, how does the process differ?

**Answer:**

Yes – the process is the same.

**Question:**

Is the SP required to re-calculate all transaction activity, rate changes on ARMS and receive and validate all changes submitted by Mortgagee Servicers and then reconcile the HECM balance to the Mortgagee's balance on a loan by loan basis and report back to the Mortgagee all discrepancies? How does the Mortgagee correct discrepancies?

**Answer:**

Yes. In addition, the capability to make corrections must be provided, and all changes must be tracked. Currently it is an onerous process to reconcile discrepancies because of the limitation of the existing system. Since Mortgagees will be users, there should be a notification process built into the SP.

**Question:**

How are backdated transactions processed, i.e. if a disbursement isn't entered into HECM in the order it occurred, how is it processed and what must the SP do to correct/validate all records?

**Answer:**

As a requirement of the HECM Program, all transactions should be entered into the current system as the information becomes available or by the last day of the month. The date of disbursement or repayment is used to calculate the loan balance. All transactions that are not entered into the system within the same month of occurrence should be entered into the system in the same manner as if the transaction occurred in a timely manner. The system will recognize the date discrepancy and automatically reconcile the loan; this process includes recalculating the loan balance and accruals. HUD requests that the SP vendor provide an automated mechanism that correctly performs all calculations when backdated transactions are posted.

For accounting purposes, accounting transactions should be sent in the month the transaction was recorded.

**Question:**

# HECM

## Questions with Government Responses

What type of quality assurance and portfolio risk management is required over the loan origination and servicing functions? What steps are required by the SP to monitor the property values of loans and identify potential exposures to Insurance Losses?

**Answer:**

Much of this is identified in the SOW. Any added functionality the SP can provide to monitor potential exposure to insurance loss is welcome, particularly when it comes to tracking payment of Real Estate taxes and insurance on an individual case basis.

- Quality Assurance: ensure compliance with required tasks and processes of the program
- Portfolio Risk Management: ensure servicer is actively servicing the loans which would then identify risks, such as occupancy issues or other mortgage non-compliance issues
- Required steps: monitor economic indicators for downturn in market conditions and alert HUD to potential trends

**Question:**

General Servicing – includes a requirement for a Vendor File and potential payment of insurance premiums, taxes, and HOA fees. Isn't this the responsibility of the Mortgagee/Primary Servicer while the loan is in Insurance-in-force (IIF) status? Is the SP required to track taxes and insurance, etc. when the loan is in IIF status, if so is it just to ensure that the Mortgagee/Primary Servicer pays taxes, insurance etc. or does that liability rest with the Primary Servicer?

**Answer:**

These functions are the responsibility of the servicers on Insured HECMs, who will be users as well and this info must be tracked for compliance purposes. However, the SP must have the capability of performing these functions on Assigned HECMs.

**Question:**

General Servicing – In fact aren't most of these functions the responsibility of the Primary Servicer and is the SP required to do any tracking, validation, or reporting and if so, will the B to G Mortgagees transmit all of these activities to the SP for processing and validation?

**Answer:**

These functions are the responsibility of the servicers on Insured HECMs, who will be users as well and this info must be tracked for compliance purposes. However, the SP must have the capability of performing these functions on Assigned HECMs.

**Question:**

Disposition Options – If the HECM loan is accelerated and deemed due and payable is the Mortgagee required to dispose of the property? If so, is it the responsibility of the SP to track the Mortgagee's compliance with the HECM rules and regulations? If not, is the property transferred to the SFAM REO program for disposition?

**Answer:**

Yes, Yes and No.

**Question:**

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Service Assigned Notes. Please clarify that all functions described in 5.1 are the responsibility of the Mortgagee Primary Servicer and that the SP is only required to track, record and validate that the Primary Servicer completed these functions in accordance with rules.

**Answer:**

These functions are the responsibility of the servicers on Insured HECMs, who will be users as well and this info must be tracked for compliance purposes. However, the SP must have the capability of performing these functions on Assigned HECMs.

**Question:**

Maintain Accounting of Case Inventory – Is there a requirement while a HECM loan is in IIF status to record any activity in the FHASL other than the collection of MIP and late fees?

**Answer:**

To track and support amounts in the general ledger, it will be important to maintain an accounting case inventory. In the notes portion of the SP, a complete detail of the individual notes and the outstanding receivable balances for each note must be maintained. For Claims, a listing of claims paid (with the associated details) must also be maintained, as well as detail for any receivables owed to Claims. For Premiums, a listing of all active loans and related receivables due must also be kept.

**Question:**

5.2.3 – Post Disbursements and Issue Payments – Please clarify, this requirement seems to be contradictory to earlier statements that the SMART system will be responsible for these functions and the SP will only track, record, validate they are completed properly.

**Answer:**

The SMART system will not be used to process HECM notes and the SOW does not say that it will.

**Question:**

7.4.2 Data Migration – Please clarify if the SP can simply transfer existing IACS loan balances and assume they are accurate? Once the data is migrated and the first month of processing uncovers discrepancies between the Primary Servicer's records and the IACS data converted, who will be responsible for researching and resolving these discrepancies?

**Answer:**

Yes, it can be assumed that the balances are accurate, just as HUD can only assume that today until a reconciliation is done. The Loan Servicer will be responsible for researching and resolving discrepancies – any assistance given by the SP will be done as a Help Desk activity.

**Question:**



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7.5.1 Dual Operation – Please clarify the first sentence indicates that “first module” will be ready to test within 180 days but then says all “four modules” will be parallel tested between the 180 and 270 days.

**Answer:**

While the first module is being evaluated, the second module will be readied for pilot operations (user evaluation), then while the second is being evaluated, the third will be readied for pilot, and so forth. The idea is that there will be a rolling process of configuration, evaluation, correction, etc. during this period and until the Government has signed off that the solution is ready for production implementation.

**Question:**

What is the SPs roles and responsibilities regarding reconciliation with the servicers?

**Answer:**

This information was included in the SOW, but will be clarified with the final version posted in the RFP.

**Question:**

Help Desk: Section 6.6 states the primary contact between users and help desk staff is telephone and via email. Does HUD also wish to utilize the web as a conduit between users and help desk staff?

**Answer:**

Yes.

**Question:**

Disaster Site: Is it HUD’s desire for the hosting provider to provide a disaster site or is it HUD’s desire to maintain a disaster site and have the hosting provider work with HUD to create the integration between the production site and the disaster site?

**Answer:**

The SP is required to make arrangements for disaster recovery.

**Question:**

Project Incentives / Disincentives: Has HUD identified performance incentives and disincentives for the various Task 1 phases of the project?

**Answer:**

No.

**Question:**

P30 – 5.25 Reporting Requirements. In this requirement FHA has requested that ad hoc reporting for users be provided, based on “Controlled Access”. Can FHA provide the criteria for “Controlled Access” by user type?

**Answer:**

This information will be determined during the design process.

# HECM

## Questions with Government Responses

**Question:**

P37 5.72 Contractor Expense. In this section FHA states that there is an indeterminable number of people that the SP will need to interface with including people from HUD, HOCs, ADP, and IT personnel. Is it possible for FHA to provide single points of contact with each of these organizations? If this is possible, it can reduce time and expense to the program and facilitate the implementation schedule.

**Answer:**

In most cases, yes. There will be a few exceptions, but for the most part there will be central coordination points.

**Question:**

P 49 – 7.0 Transition. It is understood that FHA desires the transition to be completed using a four phase strategy that will be completed in a nine month period from contract award. The transition period plan is to be completed within the first ninety days of the contract. Would FHA consider the nine month transition period to begin once the plan has been completed and approved by FHA?

**Answer:**

Yes.

**Question:**

Will the government entertain alternate timeframes and approaches for the implementation schedule with the requisite justification?

**Answer:**

Yes, assuming the alternative makes sense to the Government and still meets its goals.

**Question:**

HUD currently has a stove-piped solution for HECM; does HUD have a broader objective? If so, how will that be affected in the evaluation factors?

**Answer:**

HUD does not have a solution for the HECM program. The stovepipe solution being referenced only handles a portion of the HECM process, but there is no end-to-end solution as is being requested in the SOW. The evaluation factors will only address the HECM requirement as that is all that is being contracted for at this time.

**Question:**

Will the government entertain alternative approaches for software and hardware acquisition and ownership?

**Answer:**

Yes, assuming the alternative makes sense to the Government, still meets its goals, and is in compliance with all applicable laws and regulations.

# HECM

## Questions with Government Responses

**Question:**

The SOW is dated as a draft of January 30, 2008, is there an updated copy and does it reflect any changes from the current SOW?

**Answer:**

You received the latest version – the date simply was not changed.

**Question:**

Are the current loans being serviced by several service centers or just one? And, if so will the servicers co-operate fully in allowing access to their systems to allow full integration of the loans from each system?

**Answer:**

The SP will not be required to have access to the Loan Servicers' systems.

**Question:**

Will the hardware used in the current service center be available to the new servicer either through negotiated purchase or some other form of transferring these assets to the new servicer?

**Answer:**

No.

**Question:**

When is it expected that the Government will make a decision on the successful respondent and award a contract?

**Answer:**

On or before September 30, 2009.

**Question:**

Are there any geographical restrictions on the location of the successful respondent?

**Answer:**

Must be within the Continental United States.

**Question:**

There are several functions listed in the SOW that requires that manual reports be prepared and submitted. If these function can be mechanized, will there be criteria provided for this or will the servicer have to prescribe the full force and effect of these functions?

**Answer:**

The Government would be happy to work with the vendor to develop criteria to automate anything that would otherwise be manual.

**Question:**

In analyzing proposals are there any criteria to be used where the proposal will be rated in accordance with the technical presentation and the cost to the government?

**Answer:**

# HECM

## Questions with Government Responses

Evaluation Criteria will be published with the RFP.

**Question:**

Section 3 Objectives states “Provide enhancements to facilitate and integrate the current HECM process”. What will the SP be getting from the current HECM system in order to enhance the current HECM Process? (Section 3 page 4)

**Answer:**

Given the combination of manual and partially automated functions contained in the current process, HUD assumes that a vendor who has an automated solution will also be able to enhance a deficient process while facilitating a better and more integrated way for FHA and its Business Partners to do HECM business.

**Question:**

Does having the current HECM System provide the incumbent with a cost advantage?

**Answer:**

There is no current incumbent.

**Question:**

Will the SP need to establish an ID assignment, maintenance, and management module or will HUD provide an ID assignment through the FHA Connection?

**Answer:**

The SP will need to establish an ID assignment, maintenance, and management module.

**Question:**

Section 4.0 Scope User ID/Single Point of Entry - It would appear that HUD desires a single sign-on approach for existing business systems to encompass the SP. If this is the case, does HUD anticipate the SP providing authentication and/or authorization of users or will this functionality be performed by FHA Connection? Given recent difficulties coordinating with external service providers, how do you envision single sign-on being accomplished? (Section 4.0 Scope - page 7)

**Answer:**

While it would be desirable for the service to be accessible under single sign-on, it is acknowledged that this may be difficult in the current environment, thus the answer to the question above.

**Question:**

Will collecting upfront and monthly premiums be done exclusively through pay.gov? If so, how will the SP be able to withdraw funds on the first business day following the information transmittal considering the actual withdraw is controlled by Pay.gov? (A.3 - page 11)

# HECM

## Questions with Government Responses

**Answer:**

In the HECM SP, collections for all premiums will be done through Pay.gov. Once we are live in Pay.gov, the SP will send the file to Treasury. Treasury will process the file according to its procedures.

**Question:**

Reference SOW, Section B.1 states The SP will Track corporate advances when loan holder advances funds for property charges on behalf of borrower when the principal limit has been exhausted (B.1 – page 14). Is this currently done and if so in what system?

**Answer:**

This is currently tracked only by the servicers in their own system and is not accessible by HUD.

**Question:**

Reference SOW, Section B.3 on page 15 states Have the ability to record information relative to loan indemnification (date, holder, etc.). Since Forward loan indemnification is done in CHUMS, will there be a requirement to send HECM indemnifications to CHUMS?

**Answer:**

Yes.

**Question:**

Reference SOW, Section B.8 states “Have capability to connect, by a publicly available web link, with Social Security Administration's database of death records to validate date of death” (Section B8 page 18). Can you provide the URL?

**Answer:**

The URL HUD uses is <http://ssdi.rootsweb.ancestry.com/cgi-bin/ssdi.cgi> however, this is a manual process. Under the SP there needs to be an automated process.

**Question:**

Section D is titled “Service Assigned Notes – Requires interface with the SAMS system”, but there is no mention of SAMS within the paragraph text. What interface will the new HECM system have with SAMS? (Section D – Page 24)

**Answer:**

If HUD is required to sell the property, SAMS will handle the process. The SP will be required to send the same data to SAMS that is being sent today.

**Question:**

# HECM

## Questions with Government Responses

Will the SP have to implement Pay.gov from scratch or is it currently being used by the existing HECM system? (Section 5.2 page 25). If currently in use, which parts of the HECM processes are supported? If not in use, how are HECM collections processed?

**Answer:**

The current HECM system does not use pay.gov now, so the SP will be implementing it from scratch. HECM collections are processed via Pre-authorized Debit today.

**Question:**

Will SMART continue to exist and the SP will be required to interface to SMART or will SMART functionality have to be incorporated into the SP's system? If SMART will be incorporated into the SP's system, what functionality does SMART provide? (Section D – Page 24)

**Answer:**

SMART provides servicing functionality for HECM and non-HECM Assigned Notes. The SP will perform all servicing for HECM Assigned Notes while SMART will continue to provide this functionality for non-HECM Assigned Notes. There will be no requirement to interface with SMART.

**Question:**

Section 5.2.2 states On a daily basis collection transactions will be loaded into the SP from three sources: the Lockbox Collection interface, the FED WIRE Interface and PAY.GOV <https://www.pav.gov/paygov/>. Are these transitional? Will all premiums be coming in through pay.gov when the SP's system is complete? Will Lockbox and Fed Wire continue to be used? If so, for what types of transactions? Will one of these financial tools be used to process refunds? (Section 5.2.2 page 28) If not, please clarify.

**Answer:**

All collections will be coming in through pay.gov. We will no longer be using the Lockbox and FedWire for collections. Refunds are disbursements, so will be handled separately.

**Question:**

Section 5.6 Do any HECM related Interface control documents exist today? If so, can HUD provide them? (Section 5.6 page 30)

**Answer:**

No.

**Question:**

Section 9 Minimum Performance Standards No. 3 has a Minimum Satisfactory Rating of Target query and reporting response times are met at least 95% of the time; exclusive of any latency in HUD's network or the Internet or other environmental factor outside of the Contractor's control. Is there a specified Target Query? (Section 9 Page 57)

# HECM

## Questions with Government Responses

**Answer:**

The target applies to the overall response times and not to a specific query.

**Question:**

Does HUD have video conferencing equipment available to support the filming and/or web broadcast of training sessions?

**Answer:**

HUD does have video conferencing available in the form of video conference rooms at all locations. Any external parties requiring training would be required to attend the training at a HUD office.

**Question:**

Is HUD's webpage for REO Preservation and Protection Cost Schedule available in XML or another open format or will the SP have to use the web interface identified by URL in Section B. 3 of the SOW?

**Answer:**

The cost schedule is part of ML 2007-03 (superseded by ML 2008-31) which is available on the web, and there is an interactive website for preservation and protection (P&P) cost allowables and variations to general requirements. The website provides scheduled cost allowables, variations from general service requirements and links to pertinent P&P Mortgagee Letters. The website will also provide for an interactive email link to HUD's Homeownership Centers for questions related to the information on the website only, and not for case specific property issues. The URL for this site is:  
<http://www.hud.gov/offices/hsg/sfh/reo/pandpsched/index.cfm>

**Question:**

For the documents to be maintained in the system, such as but not limited to Annual Occupancy Certification and Property inspections, are signed/scanned paper copies typically required to constitute an official record or are electronic representations of approvals, etc. acceptable?

**Answer:**

Scanned copies of the original signed documents are required.

**Question:**

How is HUD notified when a homeowner's insurance carrier has cancelled a borrower's policy as noted in the last bullet in Section B.3?

**Answer:**

The insurance carrier notifies the servicer on Insured loans or HUD on assigned loans.

**Question:**

# HECM

## Questions with Government Responses

Will HUD provide the loan-to-value formulas to support the calculations that the HECM system must perform as described in Section B.6? Is the same true for the other formulas and calculations described in the SOW?

**Answer:**

No, SP is to provide. Yes, this is true for the other formulas and calculations described.

**Question:**

Will HUD provide the text for the boiler plate letters described throughout the SOW or is drafting text for those letters for HUD approval part of this effort?

**Answer:**

HUD will provide the text.

**Question:**

For the electronic signature described in Section C, does HUD require a specific certificate authority?

**Answer:**

No, but we are working toward e signature and the SP must implement the function.

**Question:**

Section 6.1.7 requires a mirroring the SP database to a backup database maintained at HUD. Is this sufficient to support disaster recovery or does HUD have further requirements?

**Answer:**

No. The SP is also required to make Disaster Recovery arrangements.

**Question:**

What recovery point objective (RPO) is required in the event of system unavailability? In other words, once system functionality is restored, how much data loss – in terms of time (2 days, 2 hours, 30 minutes, etc) – is acceptable?

**Answer:**

None.

**Question:**

What recovery time objective (RTO) is required in the event of system unavailability? In other words, what wait time is acceptable until system availability is restored following an outage?

**Answer:**

24 – 48 Hours.

**Question:**



# HECM

## Questions with Government Responses

Will HUD maintain all backup data? If not, what requirements does HUD have for backup frequency, storage and archiving? How long should archives be maintained?

**Answer:**

This information will be clarified in the final SOW.

**Question:**

What security measures are required for external user authentication? Is an ID and password combination acceptable or are further measures required?

**Answer:**

The SP should determine this part of their solution based on the SAS-70 Federal requirements.

**Question:**

Considering Pay.gov will be used for premium collection, the SP would not be required to maintain custodial bank accounts on behalf of FHA. Is this correct? If not, please clarify.

**Answer:**

Pay.gov will replace all of the current HECM collection lockboxes. On the disbursements side, the HECM claims are paid through Treasury and the HECM Notes are paid through a zero balance account at a commercial bank.

**Question:**

Item 4; Page 6; “Maintain a Help Desk” – What is the scope of Help Desk services required? (Who are the end users? i.e. HUD Headquarters staff? HOC staff? servicers? Please clarify)

**Answer:**

Help desk services are for all users of the service and are intended to provide responses to questions regarding use of the SP solution and, in some cases, assistance in resolving data discrepancies. The help desk staff will refer questions they cannot answer to HUD staff. A Frequently Asked Questions section for users to access should also be developed.

**Question:**

5.2.1.1 (page 26) Accounting for HECM Premiums

- Requirement to “provide receivable schedule to prepare TROR”; is the SP expected to prepare or generate the TROR? Is this a deliverable as part of the SP scope of work?

**Answer:**

Yes, we want the SP to prepare a separate TROR for each of the three areas (Premiums, Claims and Notes) as well as provide a detail listing of receivables which make up the activity on each of the reports, including aging. The TRORs should be downloadable in Excel so that they may be combined with the other FHA TRORs.

**Question:**

5.1.B.1 (page13)

# HECM

## Questions with Government Responses

- What is intended by HUD HECM Contractor staff? Is this the servicing contractor (i.e. the SP contractor)?
- Regarding the stated requirement: “ability to store and access scanned documents – examples of the types of documents to be stored ...”; Is it a requirement of the SP contractor to physically scan the documents, or will the documents be scanned by others, such as the end users, such that the SP contractor is responsible only for the capture and storage of the scanned images?

**Answer:**

First Bullet: HUD’s Loan Servicing Contractor.

Second Bullet: The Loan Servicing Contractor will continue to scan – the SP will have to be able to receive the documents and retain in a way that users can view, print, etc.

**Question:**

5.1.B.3 (page14)

- 1<sup>st</sup> bullet – What is the scope of “be the Department’s source for borrower and vendor accounts”? Does HUD mean that the system to be developed by the SP will be the system of record for borrower and vendor accounts?
- (Page 15) re: statement “Connect with HUD's web page for REO Preservation and Protection Cost Schedule”, Is this data stored in one of the systems cited for interface? If not is the web connection the only option for interface by the SP?

**Answer:**

First Bullet: Vendors are anyone that may be paid on the borrower’s behalf including but not limited to taxing authorities homewoners associations, haxzard insurance carriers, force placed insurance carriers, flood insurance carriers, etc. The SP’s solution will be the system of record for HECM borrower and vendor accounts.

Second Bullet: It is on the HUD web (see page 17). Connection is not intended for an approval process – only as a resource for allowable amounts.

**Question:**

5.2.1.2 (Page 27) regarding the statement “Currently, the claims process is done manually and data is passed between offices via Excel spreadsheets/reports. The service must provide this functionality in a manner that addresses current inefficiencies in the process,” can HUD provide metrics related to the number of claims, the number of Excel spreadsheets and other relevant information related to Claim processing, based on historical actuals?

**Answer:**

Any information that is available can be found on the HUD snapshot in the FHA Reading Room.

**Question:**

What is the budget for the HECM modernization project?

**Answer:**

HUD will not release this information.

# HECM

## Questions with Government Responses

**Question:**

Does the order limit include the service as well as the modernization?

**Answer:**

Yes.

**Question:**

Can a data dictionary for IACS be provided to help vendors differentiate between current operations and SOW requirements?

**Answer:**

No.

**Question:**

Will HUD provide a set of sample HECM data/reports/spreadsheets from current systems during the procurement process?

**Answer:**

The following website contains various forms of HECM data, although not formatted as actual reports or spreadsheets from existing systems:

<http://www.hud.gov/offices/hsg/comp/rpts/hecmsfsnap/hecmsfsnap.cfm>

**Question:**

Would the SP be required to convert any data from claims as part of startup? If historical note data is converted from IACS, what about historic claims data?

**Answer:**

Yes. The claims historical data is stored in an Access program. The transfer of data will be required as part of startup.

**Question:**

What origination information from mortgagees collected through FHA Connection is recorded in CHUMS?

**Answer:**

HUD does not believe the SP solution requires this information.

**Question:**

During origination is there data submitted through FHA Connection which is not recorded in CHUMS? If so, what systems hold this information?

**Answer:**

HUD does not believe the SP solution requires this information.

**Question:**

Is any integration with the HCS/HUD Counseling System required? What support will be required from the SP system for counseling?

# HECM

## Questions with Government Responses

**Answer:**

Verification of Counseling is currently done via FHA Connection, however the SP should be flexible enough to be able to meet any future interface needs.

**Question:**

In HUD's vision, do they expect imaged documents to be resident within eDocs or as part of the SP system?

**Answer:**

The SP.

**Question:**

Are there currently any HECM electronic documents stored in eDocs?

**Answer:**

No.

**Question:**

Will the Claims division need online approval capabilities? Will other divisions need online approval?

**Answer:**

Yes.

**Question:**

Is there a functional requirements document for HECM? Will it be provided during the procurement process?

**Answer:**

No. The SOW contains the high level Functional Requirements.

**Question:**

Does HUD anticipate that the HECM SP would replace the FHA Connection feed to CHUMS for HECM loan-related functions?

**Answer:**

No.

**Question:**

Would the data produced by CHUMS for lenders such as the FHA loan number or certificate be delivered through FHA Connection or the SP?

**Answer:**

FHA Connection.

**Question:**

What is the continuing role of FHA Connection in the HECM program?

**Answer:**

# HECM

## Questions with Government Responses

The roles of FHA Connection and CHUMS will not change as a result of this effort.

**Question:**

Can lenders currently submit batch files electronically to FHA Connection for origination?

**Answer:**

Yes.

**Question:**

Does CHUMS currently handle the property address verification function or is it currently part of IACS?

**Answer:**

CHUMS performs this function.

**Question:**

Will HUD consider online submission of scanned documents and electronic signatures in order to facilitate assignment processing?

**Answer:**

Possibly.

**Question:**

Has HUD permitted the use of the Electronic Case Binder for HECM lenders? Is that a part of the modernization effort?

**Answer:**

Not yet, but we are working toward e case binders for HECMs. Yes, this is part of the modernization effort.

**Question:**

Since HUD is not currently collecting all of the data identified in the RFP, has HUD worked out a schedule with originators and servicers to provide the data required? This information is needed to properly estimate scheduled development, and rollout. If no agreement is in place, does HUD have a desired priority for new data collection requirements?

**Answer:**

No. No.

**Question:**

Does HUD need to distinguish between the interest rate charged when the servicing fees are included in the principal limit vs. the separate set aside for servicing fees?

**Answer:**

Yes.

**Question:**

Does HUD permit the use of MERS for recorded documents?

**Answer:**

# HECM

## Questions with Government Responses

Yes.

**Question:**

How often are appraisals repeated during the life of the loan?

**Answer:**

Varies by loan.

**Question:**

On an assigned loan, who handles foreclosure on behalf of HUD? Will they need access to the SP system?

**Answer:**

Foreclosures are handled by the Dept of Justice or Non-Judicial Foreclosure Commissioners. Neither will need access to the SP.

**Question:**

In SOW section 4 Scope, HUD states “In the event that the Contractor has an alternative methodology that would provide greater value to the Government, this section of the deliverable schedule may be changed upon the approval of the GTR and GTMs.” Can this be clarified for the purposes of submitting alternative approaches in proposals?

**Answer:**

No. It is up to the vendor to determine if an alternate proposal is appropriate.

**Question:**

Does the appraiser need access to the SP?

**Answer:**

No.

**Question:**

Will appraisals be submitted through FHA Connection?

**Answer:**

Yes.

**Question:**

Will the SP need to maintain those [appraisal] documents in the new system?

**Answer:**

Not the documents but the data.

**Question:**

What reports do the loan originators and servicers need from the system?

**Answer:**

Undetermined at this time.

# HECM

## Questions with Government Responses

**Question:**

Is the SP responsible for the storage of any hard copy documents such as original mortgages? If so, what are the storage requirements, retrieval processing requirements, and frequency of retrieval requests?

**Answer:**

No.

**Question:**

Does Social Security Administration's database include an electronic interface for validating death records?

**Answer:**

Will need to determine that from SSA.

**Question:**

Can you please provide the number of claims by type for the last 12 months? What percentage of loans are terminated before a claim or assignment is filed? What are the trends?

**Answer:**

Claim Type	FY 2008 # of claims	2009 # of claims YTD as of 3/31/09
20	0	0
21	546	496
22	2099	1324
23	94	139
24	76	76

We currently are expecting the number of claims to double.

**Question:**

When does HUD expect the final RFQ for HECM to be released?

**Answer:**

It is anticipated the RFP will be released May, 2009.

**Question:**

How many HECM loans, on average, are assigned to HUD each year?

**Answer:**

Approximately 2,500 were assigned in FY08. Prior years were lower, however this number will increase as these loans are aging.

**Question:**

What is percentage of loans are assigned to HUD when the value reaches 98%?

**Answer:**

# HECM

## Questions with Government Responses

Clarification: loans are assigned when the loan *balance* reaches 98% of Maximum Claim Amount and has nothing to do with value. Currently about 1.4% of the total HECM portfolio has been assigned. That number will increase as the loans age.

### Question:

This multi-part question relates to Sections A5 and B2. Section A5 (p11) Endorsement Processing states “CHUMS system will complete the process of endorsing the loan and will notify the SP service that the Servicing process may begin”.

How does HUD know that a servicer has taken over the loan?

Is that the Loan Servicer that CHUMs notifies, HUD SP or just that the next step in work flow is servicing?

How does HUD know what company will be servicing the loan?

### Answer:

1. Currently the originator enters the information
2. CHUMS notifies IACS when a loan is endorsed and calculates max. claim. CHUMS does not directly notify servicers.
3. Currently the originator enters the information

### Question:

In Section B2 Loan/Insurance Management (p12) there are references for servicer set up of an account.

Does the servicer enter that information or does HUD?

If HUD enters, how did they get notified about which entity was going to service it?

### Answer:

The Servicer.

### Question:

Section B4 (p16) Special Assessments, B5 (p16) Process Partial Prepayments, B7 (p17) Disposition Options, B8 (p18) Loan Acceleration/Foreclosure, and B10 (p20) Termination of Insurance/Non-Compliance; all contain requirements logically performed by the HECM loan servicer. Does the SP have to duplicate this processing functionality or just maintain copies of the data provided by the HECM loan servicer?

### Answer:

For Insured HECMs – maintain copies of data and track, for Assigned HECMs – will need to perform the functions.

### Question:

Section D (p24) Service Assigned Notes., second paragraphs states that “The SP is not responsible for performing these functions but is only responsible for providing the solution that allows this separate contractor to service the assigned loans as is being done currently in SMART”. This seems to contradict section 5.2.1.3 page 27., “The SP will take over the functions identified below, currently found in systems used by the NSC-Tulsa”..., and page



# HECM

## Questions with Government Responses

28, second paragraph, “The HECM SP will perform all accounting activities associated with servicing HECM notes,”... Please clarify.

**Answer:**

There is no contradiction. There is a contractor that supports the National Servicing Center in processing Assigned Notes that uses the SMART system to perform their functions. This contractor will continue to perform the same functions but will now sign on to both SMART for non-HECM Notes and to the SP for HECM Notes.

**Question:**

Section D (p24), what work performed at the National Servicing Center if any will be transferred to the SP?

**Answer:**

None. Only the functionality for servicing HECM Assigned Notes will be moved from SMART to the SP's solution. See prior question.

**Question:**

Section D (p24) Service Assigned Notes states “the NSC performs the same functions as the servicing lender does for non-assigned loans.... The SP is not responsible for these functions”. Does this mean that the NSC or ‘servicing lender’ are the systems of record for HECM loan data?

**Answer:**

No. See above two questions.

**Question:**

Section 5.7.4 Staffing and Key Personnel (pgs 37-40) the skill and experience requirements for the key personnel listed imply that there is one key person for each of the five areas in addition to the contract manager and alternate contract manager. Is this assumption correct? Would HUD consider modifying the requirements to allow the respondent to demonstrate that the key skills and experiences are available within the team? We believe that this would be a more cost effective use and allocation of resources.

**Answer:**

No. A modification to the requirement is not needed because it does not state that each must be filled by separate people. The vendor needs to be aware, however, that if one person who fulfills more than one role leaves the project, the replacement(s) must be approved by HUD and must be in place immediately.

**Question:**

Section 6.1.4 Single Point Entry (p43), the implication of this hyper-link feature between other HUD systems and the SP HECM system is that there could be changes needed to the other systems in order to pass user credentials to the SP HECM system. Is this what is intended?

**Answer:**

No. While this feature is desired, HUD recognizes that it may not be feasible.

# HECM

## Questions with Government Responses

**Question:**

Section 7.3 Phase II Business Blue Print (p52), understanding that volumes will be higher during Pilot, are there any expected volumes for Call Center/Help Desk during implementation and ongoing operations?

**Answer:**

This will depend on the ease of use of the application and the available on-going training/knowledge management processes.

**Question:**

Is there a preference for any particular web technologies or database platforms to be used like .Net/SQL Server or Java/Oracle?

**Answer:**

The Government will not dictate the solution.

**Question:**

Will the system need to have the Certification & Authentication (C&A) completed before the system can go live?

**Answer:**

Yes, but because this is a service that is not hosted on HUD's infrastructure, the requirements are fewer. Please see Section 10 for Security requirements.

**Question:**

Will the system be subject to the requirements of HUD's Software Development Methodology (SDM)?

**Answer:**

No.

**Question:**

If a Commercial of the Shelf (COTS) system is used, will it need to meet HUD's SDM requirements and get a C&A?

**Answer:**

SDM – No. C&A – Yes, limited to those required for a service. See the two previous questions.

**Question:**

Input data – can Tulsa send data in format other than Excel?

**Answer:**

Within SMART itself the following format types for saving data are available:

- CSV, or Comma Separated Values, often can be edited with both a generic text editor or spreadsheet program

# HECM

## Questions with Government Responses

- CSV with headers
- DBF, or dBase file format, used with the dBase relational database management system and other applications like FoxPro
- DIF, or Data Interchange Format, which is cross platform standard file type used for spreadsheet data with applications like OpenOffice.org Calc, Excel, dBase and other similar applications
- EMF, or Enhanced Metafile, which is a Microsoft graphics file
- Excel (multiple versions)
- HTML, or HyperText Markup Language table, essentially a web page rendering
- PDF, or Portable Document Format from Adobe Systems, able to handle a variety of different types of content
- PSR, or PowerSoft Report file from Sybase, Inc., the developer of PowerBuilder, this file type captures a snapshot of the particular DataWindow or DataStore (both proprietary objects of PowerBuilder), this format can only be read using certain Sybase products so it has little relevance for end users
- SQL, or Structured Query Language, in this case the file is basic American Standard Code for Information Interchange (ASCII) text file with an SQL script to create a table with the contents of the search results or report values
- SYLK, or Symbolic Link file which is used to share data between spreadsheets and databases, specifically, this is a Microsoft Excel variant of the SYLK format (.xls)
- SYLK with headers (.xls)
- Text, or a plain ASCII text file, the type of file that can be opened with a generic text editor
- WKS, for Microsoft Works Spreadsheet, essentially the same as Microsoft Excel
- WKS with headers
- WK1, for IBM Lotus 1-2-3, which can be used in conjunction with Microsoft Excel
- WK1 with headers
- WMF, or Windows Metafile which is an image file and is an older 16 bit version of the EMF (32 bit) file discussed above
- XML, or Extensible Markup Language, a cross platform language used for sharing structured data with user defined elements
- XSL-FO, or Formatting Object Form which is a markup language for XML and is often used for the generation of PDF type files

Additionally, the general framework of the whole SMART system would allow for a wide array of file types to be created. The SMART system currently works with a variety of text file variants for back end processing and certainly file types could be incorporated as well.

### **Question:**

Section 5.7.4 says Contract Manager and Alternate Contract Manager should possess the minimum qualifications state below, but we do not see where they were stated. What are the minimal and preferred qualifications for these positions? (Section 5.7.4 page 37).

### **Answer:**

# HECM

## Questions with Government Responses

The wording in this paragraph of the RFP will be modified to include specific requirements.

### Question:

- Section 5.7.4 says In addition to the above qualifications, the key Claims contractor will be required to perform the following functional responsibilities, and will therefore need the following: Communication skills both written and verbal, Analytic and problem solving skills, Business related Bachelors Degree or equivalent. Are these Minimum or Preferred qualifications? (Section 5.7.4 page 38)
- Section 5.7.4 says In addition to the above qualifications, the key Insurance-in-force Servicing contractor will be required to perform the following functional responsibilities, and will therefore need the following: Ability to effectively manage workload under tight deadlines; Experience conducting training and preparing training materials. Are these Minimum or Preferred qualifications? (Section 5.7.4 page 38)
- Section 5.7.4 says In addition to the above qualifications, the key Notes Servicing contractor will be required to perform the following functional responsibilities, and will therefore need the following: Excellent inter-personal communication skills, both written and verbal; Ability to provide senior level analytical and problem solving skills when addressing and resolving issues; Flexibility in working with a wide array of business partners (management and staff); Ability to work under pressure; Ability to assess possible SP impacts, and recommend technical solutions for any pending FHA policy. Are these Minimum or Preferred qualifications? (Section 5.7.4 page 38)
- Section 5.7.4 says In addition to the above qualifications, the key Reporting contractor will be required to perform the following functional responsibilities, and will therefore need the following: Communication skills both written and verbal; Analytic and problem solving skills; Related Bachelors Degree or equivalent. Are these Minimum or Preferred qualifications? (Section 5.7.4 page 38)

### Answer:

The wording in this section of the RFP will be modified to ensure the requirements are clear.

### Question:

Data Conversion – you said that data conversion is being evaluated. Would you please expand on this? Will HUD provide a set of clean data for migration?

### Answer:

This issue will be clarified in the RFP.

### Question:

What is the anticipated life of the SP application and contract?

### Answer:

# HECM

## Questions with Government Responses

The application is expected to have an extended life while the contract is limited to 5 years.

**Question:**

Transparency reporting guidelines to support public trust (e.g. FFAIA and OMB Recovery Act guidance) require DUNS numbers. Does HECM anticipate that all businesses (lenders, etc.) tied to HECM-insured loans will also need to be identified and reported with DUNS numbers as good policy to support public trust and/or a requirement? Will the awarded contractor be expected to implement technologies and procedures to ensure the CORRECT DUNS number is applied to businesses (lenders, etc.) associated with insured loans?

**Answer:**

When the requirement is implemented, it will be part of FHA Connection. However, the HECM SP must have the ability to collect and validate this information.

**Question:**

Is US citizenship a requirement to perform the work? Would Permanent Residence/Green Card Holder or H-1B professionals be able to perform the work?

**Answer:**

This requirement will be clarified in the RFP.

**Question:**

Is it a correct assumption that lenders or servicers cannot participate as service providers as it would create a conflict of interest and not maintain proper segregation of duties?

**Answer:**

Pursuant to HUDAR Clause 2452.209-70 Potential Organizational Conflicts of Interest, HECM servicers who wish to participate must submit a mitigation plan for ensuring that their inclusion in the proposed solution will not present a conflict by providing them with any type of competitive advantage in the Reverse Mortgage industry.

**Question:**

5.2.3 – Post Disbursements and Issue Payments – Please clarify, this requirement seems to be contradictory to earlier statements that the SMART system will be responsible for these functions and the SP will only track, record, validate they are completed properly.

**Answer:**

The SMART system will not be used to process HECM notes.

**Question:**

Section 5.7.4 - Staffing and Key Personnel - Each of the subsections within this section, e.g. Accounting, Claims, Notes Servicing, etc. start off with a similar statement, e.g. "the key Notes Servicing contractor for this PWS shall possess the following minimum qualifications:" Please clarify what you mean by these statements. We assume you mean that the SP Contractor must provide key personnel as part of their project management team that possess the various qualifications as individuals, and not that the SP or its subcontractors must possess these qualifications as corporate experience. If it is HUD's intent to require the

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SP possess these minimum corporate qualifications the RFP would limit competition only to existing HECM servicers.

**Answer:**

The requirement is for individuals, and does not apply to the corporate level.

**Question:**

Are existing HECM Servicers, HECM private sector servicing system providers, and the current HUD Notes Servicing contractor conflicted from bidding on this contract? It appears to us and most others we've talked with that these entities have a clear conflict of interest serving as HUD's SP, 1) while also competing with other servicers and 2) in essence checking their own work. We assume that HUD wants an SP with a project management team that possesses the knowledge and experience, but that is independent from the industry and will be able to provide objective, unbiased services and a system that will provide appropriate controls without any conflicts of interest to both HUD and the HECM industry.

**Answer:**

Pursuant to HUDAR Clause 2452.209-70 Potential Organizational Conflicts of Interest, HECM servicers who wish to participate must submit a mitigation plan for ensuring that their inclusion in the proposed solution will not present a conflict by providing them with any type of competitive advantage in the Reverse Mortgage industry.